

MONTEREY COUNTY

Audit Report

COURT REVENUES

July 1, 2006, through June 30, 2012



JOHN CHIANG
California State Controller

April 2014



JOHN CHIANG
California State Controller

April 24, 2014

Honorable Michael Miller
Auditor-Controller
County of Monterey
168 West Alisal Street, 3rd Floor
Salinas, CA 93901

Kenneth Torre
Court Executive Officer
Superior Court of California,
Monterey County
240 Church Street
Salinas, CA 93901

Dear Mr. Miller and Mr. Torre:

The State Controller's Office audited Monterey County's court revenues for the period of July 1, 2006, through June 30, 2012.

Our audit disclosed that the county overremitted \$1,070,303 in court revenues to the State Treasurer because it:

- Overremitted the 50% excess of fines, fees, and penalties by \$954,386
- Overremitted DNA penalties by \$115,804
- Underremitted state parking fines and surcharges by \$84,279
- Overremitted emergency medical air transportation penalties by \$84,392

The county should differentiate the individual accounts making up this amount on the bottom portion of the monthly TC-31, Remittance to State Treasurer, in accordance with standard remittance procedures. The county should state on the remittance advice that the account adjustments relate to the SCO audit for the period of July 1, 2006, through June 30, 2012.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustment(s) to the attention of the following individuals:

Jerry Zhou, Audit Manager
Division of Audits
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250-5874

Cindy Giese, Collections Supervisor
Division of Accounting and Reporting
Bureau of Tax Administration
Post Office Box 942850
Sacramento, CA 94250-5872

Honorable Michael Miller
Kenneth Torre

-2-

April 24, 2014

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau, at (916) 324-0622.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

cc: John Judnick, Senior Manager
Internal Audit Services
Judicial Council of California
Julie Nauman, Executive Officer
Victim Compensation and Government Claims Board
Greg Jolivette
Legislative Analyst's Office
Sandeep Singh, Fiscal Analyst
Division of Accounting and Reporting
State Controller's Office
Cindy Giese, Supervisor, Tax Programs Unit
Division of Accounting and Reporting
State Controller's Office
Richard J. Chivaro, Chief Counsel
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Monterey County for the period of July 1, 2006, through June 30, 2012.

Our audit found that the county overremitted \$1,070,303 in court revenues to the State Treasurer because it:

- Overremitted 50% excess fines, fees, and penalties by \$954,386
- Overremitted DNA penalties by \$115,804
- Underremitted state parking fines and surcharges by \$84,279
- Overremitted emergency medical air transportation penalties by \$84,392

Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to a portion of such money, the court is required by Government Code (GC) section 68101 to deposit the State's portion of court revenues with the county treasurer as soon as practical and provide the county auditor with a monthly record of collections. This section further requires that the county auditor transmit the funds and a record of the money collected to the State Treasurer at least once a month.

GC section 68103 requires that the SCO determine whether or not all court collections remitted to the State Treasurer are complete. GC section 68104 authorizes the State Controller to examine records maintained by any court. Furthermore, GC section 12410 provides the SCO with general audit authority to ensure that state funds are properly safeguarded.

Objective, Scope, and Methodology

Our audit objective was to determine whether the county completely and accurately remitted court revenues in a timely manner to the State Treasurer for the period of July 1, 2006, through June 30, 2012. We did not review the timeliness of any remittances the county may be required to make under GC sections 70353, 77201.1(b)(1), and 77201(b)(2).

To meet our objective, we reviewed the revenue-processing systems within the county's Superior Court, Revenue and Recovery Department, and Auditor-Controller's Office.

We performed the following procedures:

- Reviewed the accuracy of distribution reports prepared by the county that show court revenue distributions to the State, the county, and the cities located within the county

- Gained an understanding of the county's revenue collection and reporting processes by interviewing key personnel and reviewing documents supporting the transaction flow
- Analyzed various revenue accounts reported in the county's monthly cash statements for unusual variations and omissions
- Evaluated the accuracy of revenue distribution, using as criteria various California codes and the SCO's *Manual of Accounting and Audit Guidelines for Trial Courts*
- Tested for any incorrect distributions
- Expanded any tests that revealed errors to determine the extent of any incorrect distributions

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not audit the county's financial statements. We considered the county's internal controls only to the extent necessary to plan the audit. This report relates solely to our examination of court revenues remitted and payable to the State of California. Therefore, we do not express an opinion as to whether the county's court revenues, taken as a whole, are free from material misstatement.

Conclusion

Monterey County overremitted \$1,070,303 in court revenues to the State Treasurer. The overremittances are summarized in Schedule 1 and described in the Findings and Recommendations section of this report.

The county had taken an offset of \$115,804 in March 2013. Therefore, the County Auditor-Controller's Office should reduce subsequent remittances to the State Treasurer by \$954,499.

Follow-Up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, issued March 30, 2007.

Views of Responsible Officials

We issued a draft audit report on February 10, 2014. Christine Ace, Monterey Superior Court Financial Officer, responded by letter dated February 18, 2014 (Attachment B), agreeing with audit Findings 3 through 5. However, Ms. Ace did not respond to Finding 1 or 2. Further, Patricia Babine, Monterey County Accountant Auditor III, responded on behalf of Michael Miller, Auditor-Controller, by letter dated March 11, 2014 (Attachment A), agreeing with the audit results. However, Ms. Babine indicated that she would like to reword some of the language in Finding 1.

Restricted Use

This report is solely for the information and use of Monterey County, the Monterey County Courts, the Judicial Council of California, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

April 24, 2014

Findings and Recommendations

FINDING 1— Overremitted excess of qualified fines, fees, and penalties

The Monterey County Auditor-Controller's Office overremitted by \$954,386 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the six fiscal years starting July 1, 2006, ending June 30, 2012.

Government Code (GC) section 77201(b)(2) requires Monterey County, for its base revenue obligation, to remit \$3,330,125 for fiscal year (FY) 2006-07 and each fiscal year thereafter. In addition, GC section 77205(a) requires the county to remit to the Trial Court Improvement Fund 50% of qualified revenues that exceed the stated base for each fiscal year.

The error occurred because the county utilized erroneous dollar amounts provided to it by the Monterey County Superior Court in its maintenance-of-effort (MOE) distribution working papers, and as a result of the following conditions:

- For FY 2006-07 through FY 2011-12, the county included 100% of traffic violator school (TVS) bail from the TVS penalty portion of the bail. TVS bail should have been reported at 77%; therefore, TVS bail was reduced by 23%. A total of \$2,011,498 should not have been included in the MOE.
- As noted in Finding 4, Emergency Medical Air Transportation (EMAT) penalties were distributed from TVS bail starting January 2011 through June 2012. \$64,982 ($84,392 \times 77\%$) should have been included in the MOE.
- As noted in Finding 3, the California State University of Monterey Bay did not remit parking surcharges starting July 2006 through June 2012. The \$2 parking surcharge is subject to the MOE; therefore, \$37,744 should have been included in the MOE.

The qualified revenues reported for FY 2006-07 were \$4,315,618. The excess, above the base of \$3,330,125, is \$985,493. This amount should be divided equally between the county and State, resulting in \$492,746 excess due the State. The county remitted a previous payment of \$638,201, causing an overremittance of \$145,455.

The qualified revenues reported for FY 2007-08 were \$4,365,351. The excess, above the base of \$3,330,125, is \$1,035,226. This amount should be divided equally between the county and State, resulting in \$517,613 excess due the State. The county remitted a previous payment of \$693,731, causing an overremittance of \$176,118.

The qualified revenues reported for FY 2008-09 were \$4,505,983. The excess, above the base of \$3,330,125, is \$1,175,858. This amount should be divided equally between the county and State, resulting in \$587,929 excess due the State. The county remitted a previous payment of \$778,438, causing an overremittance of \$190,509.

The qualified revenues reported for FY 2009-10 were \$4,069,442. The excess, above the base of \$3,330,125, is \$739,317. This amount should be divided equally between the county and State, resulting in \$369,658 excess due the State. The county remitted a previous payment of \$531,934, causing an overremittance of \$162,276.

The qualified revenues reported for FY 2010-11 were \$4,208,970. The excess, above the base of \$3,330,125, is \$878,845. This amount should be divided equally between the county and State, resulting in \$439,422 excess due the State. The county remitted a previous payment of \$598,479, causing an overremittance of \$159,056.

The qualified revenues reported for FY 2011-12 were \$4,116,859. The excess, above the base of \$3,330,125, is \$786,734. This amount should be divided equally between the county and State, resulting in \$393,367 excess due the State. The county remitted a previous payment of \$514,339, causing an overremittance of \$120,972.

The following table shows the effect of the overremittances:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund—GC §77205	
FY 2006-07	\$ (145,455)
FY 2007-08	(176,118)
FY 2008-09	(190,509)
FY 2009-10	(162,276)
FY 2010-11	(159,056)
FY 2011-12	(120,972)
County General Fund	954,386

Recommendation

The county should reduce remittances by \$954,386 to the State Treasurer and report on the remittance advice form (TC-31) a decrease to the Trial Court Improvement Fund—GC section 77205. The county also should make the corresponding account adjustments.

County Auditor-Controller's Response

The Auditor-Controller agreed with Finding 1. However, the county suggested replacing the original language in the cause section of Finding 1 with the following paragraph:

“The error occurred because the county utilized erroneous dollar amounts provided to it by the Monterey County Superior Court in its maintenance-of-effort (MOE) distribution working papers, and as a result of the following conditions.”

Superior Court's Response

The Superior Court did not respond to this finding.

SCO's Comment

After we re-examined the finding, we agreed to revise the language in the cause section of Finding 1.

**FINDING 2—
Overremitted DNA
penalties**

The Monterey County Revenue and Recovery Office did not make the required distributions for state DNA penalties from September 2008 through June 2012. The State received the county's 75% portion and the county received the state's 25% portion. County personnel indicated that the required distribution was discovered in the subsequent to June 2012 and an adjustment was prepared.

Starting November 3, 2002, GC section 76104.6 requires a \$1 penalty for every \$10 or fraction thereof upon every fine, penalty, and forfeiture levied on criminal offenses, including traffic offenses but excluding parking offenses. The DNA Identification Penalty Assessment is levied and collected in the same manner as the state penalty imposed per Penal Code (PC) section 1464.

- For calendar years 2005 and 2006 (on the last day of the quarter: March 31, June 30, September 30, and December 31) should be distributed in this manner: 70%, including interest, to the State DNA Identification Fund and 30%, including interest, to local funds that support DNA-related activities.
- For calendar year 2007 (on the last day of the quarter: March 31, June 30, September 30, and December 31) should be distributed in this manner: 50%, including interest, to the State DNA Identification Fund and 50%, including interest, to local funds that support DNA-related activities.
- For calendar year 2008 and thereafter (on the last day of the quarter: March 31, June 30, September 30, and December 31) should be distributed in this manner: 25%, including interest, to the State DNA Identification Fund and 75%, including interest, to local funds that support DNA related activities.

The under- and over-remittances had the following effect:

<u>Account Title</u>	<u>Understated/ (Overstated)</u>
State DNA Identification Fund–GC §76104.6	\$ (115,804)
County State Trust Account	115,804

Recommendation

The county should offset subsequent remittances by \$115,804 to the State Treasurer to be reported on a TC-31 form as a decrease to the State DNA Identification Fund – (GC) Section 76104.7. The county should also make the corresponding account adjustments.

The County Treasurer's Revenue Division should establish formal procedures to ensure that state DNA identification revenues are correctly distributed in accordance with statutory requirements. A redistribution should be made for the collection period starting July 2012 through the date on which the current system is revised.

County Auditor-Controller's Response

The Auditor-Controller agreed with Finding 2.

Superior Court's Response

The Superior Court did not respond to this finding.

SCO's Comment

The finding remains as stated.

**FINDING 3—
Underremitted State
parking fines and
surcharges**

The California State University of Monterey Bay did not distribute county and state parking surcharges and fines starting July 2006 through June 2012. College parking enforcement personnel indicated that the required distribution was inadvertently overlooked.

Vehicle Code (VC) section 40200.4 requires the processing agencies to deposit with county treasurer all sums due the county from parking violations.

GC section 76000(c) requires the county to deposit a \$2.50 parking surcharge in both the County Courthouse Construction Fund and Criminal Justice Facilities Fund from each parking fine collected. Further, this section requires \$1 of each \$2.50 parking surcharge to be distributed to the County General Fund.

GC section 70372 requires the county to distribute to the State Court Facility Construction Fund an additional penalty of \$4.50 for every parking fine or forfeiture starting January 2009.

GC section 76000.3 requires the county to distribute to the State Trial Court Trust Fund an additional penalty of \$3.00 for every parking fine or forfeiture starting December 2009.

The inappropriate distributions for parking surcharges and fines affect the revenues reported to the State Trial Court Improvement Fund under the Maintenance of Effort formula pursuant to GC section 77205. In addition, the inappropriate distribution had the following effect:

Account Title	Understated/ (Overstated)
State Court Facility Construction Fund (ICNA)– GC §70372(b) (\$3.00)	\$ 36,864
State Trial Court Trust Fund–GC §76000.3	28,983
State Court Facility Construction Fund– GC §70372(b)(\$1.50)	18,432
County General Fund	37,744
County Courthouse Construction Fund	28,308
County Jail Facility Fund	28,308
California State University of Monterey Bay	(178,639)

Recommendation

The county should remit \$84,279 to the State Treasurer and report on the remittance advice form (TC-31) increases of \$36,864 to the State Court Facilities Construction Fund – GC section 70372(b), \$28,983 to State Trial Court Trust Fund – GC section 76100.3 and \$18,432 to the State Court Facilities Construction Fund – GC section 70372. The county should also make the corresponding account adjustments.

County Auditor-Controller's Response

The Auditor-Controller agreed with Finding 3.

Superior Court's Response

The Superior Court agreed with Finding 3.

SCO's Comment

The finding remains as stated.

FINDING 4— Overremitted emergency medical air transportation (EMAT) penalties from Traffic Violator School (TVS) bail

The Superior Court of Monterey County levied \$4 state emergency medical air transportation (EMAT) penalty on traffic violator school (TVS) bail starting January 2011. Court personnel indicated that the required distribution was inadvertently overlooked.

Starting January 1, 2011, GC Section 76000.1 requires a \$4 penalty upon every fine levied on criminal offenses, including traffic offenses but excluding parking offenses. However, upon the election of traffic school, the fine and penalties are converted to TVS bail as mandated by VC Section 42007. Therefore, because EMAT penalties are not included in the exceptions listed within VC section 42007, they should remain as TVS bail.

The inappropriate distributions of county and state penalties affect the revenues reported to the State Trial Court Improvement Fund under the Maintenance of Effort formula pursuant to GC section 77205. In addition, the inappropriate distribution had the following effect:

Account Title	Understated/ (Overstated)
Emergency Medical Air Transportation Act Fund–GC §76000.10	(84,392)
County General Fund	84,392

Recommendation

The County should offset subsequent remittances by \$84,392 to the State Treasurer to be reported on a TC-31 form as a decrease to the State Emergency Medical Air Transportation Act Fund. The Court should take steps to ensure that EMAT penalties are distributed in accordance with the statutory requirements. A redistribution should be made for the period of July 2012 through the date on which the current system is revised.

County Auditor-Controller's Response

The Auditor-Controller agreed with Finding 4.

Superior Court's Response

The Superior Court agreed with Finding 4.

SCO's Comment

The finding remains as stated.

FINDING 5— Incorrect formula applied to red-light violations

The Monterey County Superior Court did not deduct 30% from the \$4 EMAT penalty from red-light traffic violator school bail. In addition, the court reduced EMS and State Court Facility Construction Penalties by 30% for red-light traffic violator school violations. Court personnel indicated that the required distribution was inadvertently overlooked.

Penal Code (PC) section 1463.11 requires that 30% of base fines, and state and county penalties (PC section 1463 and 1464, and GC section 76100, respectively), pursuant to red light violations, be distributed to the general fund of the county or city in which the offense occurred. The EMAT penalties are referenced in this statute as part of the State's penalty portion within PC section 1464.

State Court Facility Construction penalties are not referenced in PC section 1463.11; however, GC section 70372a is subject to the distribution requirements in accordance with PC section 1463. Therefore, County EMS penalties per GC 76100 and State Court Facility

Construction penalties per GC70372 are subject to the 30% allocation. However, VC section 42007 specifies sums of \$2 for every 10 base fine are to be distributed to the Emergency Medical Services (EMS) Fund and a sum of \$5 for \$10 fine is to be distributed to the State Court Facility Construction Fund.

The inequitable distributions of the EMAT, EMS, and State Court Faculty Construction penalties, from red-light violations affect the distribution of fines, penalties, as well as the revenues reported to the State Trial Court Improvement Fund, under the Maintenance of Effort formula pursuant to GC section 77205. We did not redistribute the effect, as it did not appear to be either material or cost effective to do so due to the difficulty in identifying and redistributing the various accounts.

Recommendation

The Monterey Superior Court should take steps to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory requirements under PC section 1463.11 and VC section 42007.

County Auditor-Controller's Response

The Auditor-Controller agreed with Finding 5.

Superior Court's Response

The Superior Court agreed with Finding 5.

SCO's Comment

The finding remains as stated.

Schedule 1— Summary of Audit Findings by Fiscal Year July 1, 2006, through June 30, 2012

Description of Finding Account Title ¹ —Code Section	Fiscal Year						Total	Reference ²
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12		
Overremitted 50% excess of fines, penalties, and fees:								
Trial Court Improvement Trust Fund—GC §77205	\$ (145,455)	\$ (176,118)	\$ (190,509)	\$ (162,276)	\$ (159,056)	\$ (120,972)	\$ (954,386)	Finding 1
Overremitted State DNA Penalties:								
DNA Identification Fund—GC §76104.6	—	—	(6,236)	(30,614)	(40,460)	(38,494)	(115,804)	Finding 2
Underremitted State Parking Surcharges:								
ICNA State Court Facilities Construction Fund—GC §70372(b)	—	—	4,212	8,199	6,765	17,688	36,864	Finding 3
Court Facilities Construction Fund—GC §70372(b)	—	—	2,106	4,100	3,382	8,844	18,432	Finding 3
State Trial Court Trust Fund—GC §76000.3	—	—	—	4,530	6,765	17,688	28,983	Finding 3
Overremitted EMAT Penalties:								
Emergency Medical Air Transportation Fund—GC §76000.10	—	—	—	—	(22,772)	(61,620)	(84,392)	Finding 4
Net amount underpaid (overpaid) to the State Treasurer	<u>\$ (145,455)</u>	<u>\$ (176,118)</u>	<u>\$ (190,427)</u>	<u>\$ (176,061)</u>	<u>\$ (205,376)</u>	<u>\$ (176,866)</u>	(1,070,303)	
Subsequent remittance offset—March 2013							<u>115,804</u>	
Net Overremittance							<u>\$ (954,499)</u>	

Legend: GC = Government Code

¹ The identification of State revenue account titles should be used to ensure proper recording when preparing the Remittance Advice Form TC-31 to the State Treasurer.

² See the Findings and Recommendations section.

**Schedule 2—
Summary of Underremittances by Month
Trial Court Trust Fund
July 1, 2006, through June 30, 2012**

Month	Fiscal Year					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
July	\$ —	\$ —	\$ —	\$ —	\$ 303	\$ 957
August	—	—	—	—	417	1,785
September	—	—	—	—	945	2,154
October	—	—	—	—	894	2,250
November	—	—	—	—	558	1,485
December	—	—	—	—	435	1,017
January	—	—	—	438	348	690
February	—	—	—	1,086	699	1,569
March	—	—	—	1,131	999	2,088
April	—	—	—	813	408	1,392
May	—	—	—	693	348	1,608
June	—	—	—	369	411	693
Total underremittances to the State Treasurer	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,530</u>	<u>\$ 6,765</u>	<u>\$ 17,688</u>

NOTE: Delinquent Trial Court Trust Fund remittances not remitted to the SCO within 45 days of the end of the month in which the fees were collected are subject to penalty, pursuant to Government Code section 68085(h). The SCO will calculate and bill the county for the penalty after the county pays the underlying amount owed.

**Schedule 3—
Summary of Underremittances by Month
State Court Facilities Construction Fund
July 1, 2006, through June 30, 2012**

Month	Fiscal Year					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
July	\$ —	\$ —	\$ —	\$ 338	\$ 455	\$ 1,436
August	—	—	—	441	626	2,678
September	—	—	—	1,908	1,418	3,231
October	—	—	—	1,355	1,341	3,375
November	—	—	—	806	837	2,228
December	—	—	—	657	653	1,526
January	—	—	464	657	522	1,035
February	—	—	1,692	1,629	1,049	2,354
March	—	—	1,382	1,697	1,499	3,132
April	—	—	1,157	1,220	612	2,088
May	—	—	1,197	1,040	522	2,412
June	—	—	426	550	614	1,037
Total underremittances to the State Treasurer	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,318</u>	<u>\$ 12,298</u>	<u>\$ 10,148</u>	<u>\$ 26,532</u>

NOTE: Delinquent State Court Facilities Construction Fund remittances not remitted to the SCO within 45 days of the end of the month in which the fees were collected are subject to penalty, pursuant to Government Code section 70377. The SCO will calculate and bill the county for the penalty amount after the county pays the underlying amount owed.

**Schedule 4—
Summary of Overremittances by Month
July 1, 2006, through June 30, 2012**

Month	Fiscal Year					
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
July	\$ —	\$ —	\$ 520	\$ 2,551	\$ 3,372	\$ 8,623
August	—	—	520	2,551	3,372	8,623
September	—	—	520	2,551	3,372	8,623
October	—	—	520	2,551	3,372	8,623
November	—	—	520	2,551	3,372	8,623
December	—	—	520	2,551	3,372	8,623
January	—	—	520	2,551	6,607	8,623
February	—	—	520	2,551	6,607	8,623
March	—	—	519	2,551	6,606	8,623
April	—	—	519	2,551	6,606	8,623
May	—	—	519	2,552	6,606	8,623
June	145,455	176,118	191,028	164,828	169,024	126,233
Total overremittances to the State Treasurer	<u>\$ 145,455</u>	<u>\$ 176,118</u>	<u>\$ 196,745</u>	<u>\$ 192,890</u>	<u>\$ 222,288</u>	<u>\$ 221,086</u>

**Attachment A—
County Auditor-Controller's Response
to Draft Audit Report**

MONTEREY COUNTY



AUDITOR - CONTROLLER

(831) 755-5040 • FAX (831) 755-5098 • P.O. BOX 390 • SALINAS, CALIFORNIA 93902

MICHAEL J. MILLER, CPA, CISA
AUDITOR-CONTROLLER

ALFRED R. FRIEDRICH, CGFM
ASSISTANT AUDITOR-CONTROLLER

Elizabeth Gonzalez, Chief
Local Government Compliance Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

March 11, 2014

Reference: The State Controller's audited Monterey County's court revenues for the period July 1, 2006, through June 30, 2012.

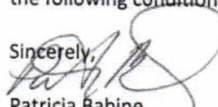
Dear Ms. Gonzalez,

This response is on behalf of Michael Miller, Auditor-Controller. The County of Monterey accepts the findings of the draft audit as is with one exception, we would like to have reworded some of the language in Finding 1 – Over-remitted excess of qualified fines, fees, and penalties. On page 4, paragraph 3, the following is stated:

The error occurred because the county used incorrect entries in its maintenance-of-effort (MOE) distribution working papers, and as a result of the following conditions:

- For FY 2006-07 through FY 2011-12, the county included 100% of traffic violator school (TVS) bail from the TVS penalty portion of the bail. TVS bail should have been reported at 77%; therefore, TVS bail was reduced by 23%. A total of \$2,011,498 should not have been included in the MOE.

We would prefer to use the language: "The error occurred because the county utilized erroneous dollar amounts provided to it by the Monterey County Superior Court in its maintenance-of-effort (MOE) distribution working papers, and as a result of the following conditions."

Sincerely,

Patricia Babine
Accountant Auditor III
County of Monterey
Office of the Auditor-Controller
168 West Alisal Street, 3rd Floor
Salinas, CA 93901

**Attachment B—
Court's Response
to Draft Audit Report**



**SUPERIOR COURT OF CALIFORNIA
COUNTY OF MONTEREY**

240 Church Street • Salinas, California • 93901 • (831) 775-5400
www.monterey.courts.ca.gov

Elizabeth Gonzalez
Local Government Compliance Bureau Chief,
State Controller's Office, Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

February 18, 2014

Dear Ms. Gonzalez:

The Superior Court of California, County of Monterey (the Court) received the State Controller's audit letter on February 10, 2014. This letter serves as the Court's response to the audit findings attributed to the Superior Court as follows:

**FINDING 3 – UNDERREMITTED STATE PARKING FINES AND SURCHARGES –
COURT RESPONSE**

The Court has distributed the remittance received from California State University of Monterey Bay for parking fines.

**FINDING 4 – OVERREMITTED EMAT PENALTIES FROM TVS VIOLATIONS –
COURT RESPONSE**

The Court's case management system has been updated to ensure that the EMAT penalties are distributed in accordance with the statutory requirements. The Court is currently preparing correcting entries for the TC-31 for redistribution for the period of July 2012 through to November 21, 2012.

**FINDING 5 – INCORRECT FORMULA APPLIED TO RED-LIGHT VIOLATION –
COURT RESPONSE**

The Court's case management system has been updated to ensure that the all surcharges, fines, penalties, and fees are distributed in accordance with the statutory requirements under PC section 1463.11 and VC section 42007.

If you have any questions, please contact me at 831-775-5459.

Sincerely,

Christine Ace
Chief Financial Officer

Cc: Ken Torre, CEO, Monterey Superior Court
Michael Miller, Auditor Controller, County of Monterey

*The mission of the Court is to dispense justice in all matters within
its jurisdiction in an impartial manner and in accordance with the law.*

**State Controller's Office
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